Year-End Tax Prep Checklist for Small Businesses (Tax Year 2026)

21 tasks from October through January. Check each one off as you finish it.

October-November: Planning Phase

	Task	Details
☐	**Review year-to-date P&L and estimate annual income**	Pull your profit & loss statement through the current month. Project revenue and expenses for the remainder of the year so you have a realistic estimate of taxable income. This number drives every other decision on this list.
☐	**Calculate estimated tax remaining**	Compare what you've paid in quarterly estimated taxes against your projected liability. Penalties are calculated separately for each payment period. An extra payment by January 15, 2027 reduces the shortfall but may not remove a penalty for an earlier underpaid installment. The quarterly tax schedule lists the payment dates.
☐	**Identify deduction opportunities before December 31**	Look for expenses you can legitimately accelerate into this tax year. Common opportunities include prepaying rent, stocking up on supplies, or making charitable contributions. Every dollar of deductions reduces your taxable income.
☐	**Review retirement contribution room (SEP-IRA, Solo 401(k))**	SEP-IRAs allow contributions up to 25% of employee compensation, or about 20% of net self-employment income for owners (calculated after the deduction for half of self-employment tax), with a 2026 maximum of $72,000. Solo 401(k) plans allow employee deferrals of $24,500 for 2026. Catch-up adds $8,000 at age 50 and over, or $11,250 at ages 60 to 63. Employer contributions bring the total to $72,000 before catch-up. Retirement contributions reduce taxable income. Source: IRS 2026 retirement limits.
☐	**Evaluate S-Corp election for next year**	If you expect to run the business as an S-Corp, compare the self-employment tax savings with the extra payroll and filing cost. To be effective from the start of a tax year, file Form 2553 no more than 2 months and 15 days after that year begins (March 15, 2027 for a January 1, 2027 start). Start the analysis now so you can act in January.

December: Action Items

	Task	Details
☐	**Prepay expenses that are deductible this year**	Cash-method businesses generally deduct expenses in the year they pay them, but a prepaid expense is generally deductible only in the year it applies to, unless the 12-month rule is met. Under that rule, the benefit must end by the earlier of 12 months after it begins or the end of the tax year after the year of payment. An annual insurance premium or software subscription may qualify. Confirm the timing with your tax preparer before December 31.
☐	**Make retirement contributions**	Solo 401(k) employee deferrals must be elected by December 31. The contributions can generally be funded by your tax return filing deadline, including extensions. SEP-IRA contributions can also wait until that deadline. Contributing before year-end gets your money working sooner. First-year plans have extra rules, so check IRS Publication 560.
☐	**Purchase needed equipment (Section 179)**	Section 179 lets you deduct the full cost of qualifying equipment and software in the year you place it in service instead of depreciating it over time. The equipment must be purchased and placed in service by December 31, and the deduction is limited to your business income. The 2026 limit is $2,560,000. It phases out once you place more than $4,090,000 of property in service. Source: IRS Rev. Proc. 2025-32.
☐	**Send invoices or defer income strategically**	Delay invoices until January to move income into next year if you expect a lower bracket then. Accelerate collections now if next year looks higher. Cash-basis taxpayers recognize income when received.
☐	**Review accounts receivable aging**	Identify overdue invoices and make a final collection push. Document the write-off for uncollectible debts. Accrual-method bad debt deductions require proof that the debt is worthless.
☐	**Reconcile all bank accounts through November**	Ensure every bank and credit card account is reconciled through at least November 30. This catches missing transactions, duplicate entries, and categorization errors before year-end close. December reconciliation can happen in early January.
☐	**Organize receipts and documentation**	Gather and digitize all paper receipts. Match receipts to transactions in your books. The IRS requires documentation for all business deductions. Missing receipts now become audit risk later.
☐	**Schedule your CPA meeting**	Book a year-end planning meeting with your tax preparer before the holiday rush. A 30-minute call in mid-December can surface last-minute strategies. Waiting until February means you've missed the window for most year-end moves.

January: Filing Prep

	Task	Details
☐	**Collect all 1099s received**	Clients generally send a 1099-NEC for payments of $2,000 or more made in 2026. Card processors, payment apps and marketplaces may send a Form 1099-K instead. A card processor reports payment card transactions on Form 1099-K. The more-than-$20,000 and more-than-200-transactions threshold applies only to third party network transactions, such as payment apps and marketplaces. Compare each form against your income records and follow up on missing ones. Report all income whether or not you receive a 1099.
☐	**Send 1099-NECs to contractors (due February 1, 2027)**	File Form 1099-NEC with the IRS and send a copy to each contractor you paid $2,000 or more in 2026 by Monday, February 1, 2027 (January 31 falls on a Sunday). Payments made by credit or debit card, or through a third party settlement organization such as a payment app or marketplace network, are reported on Form 1099-K by the processor, not on your 1099-NEC, even when no 1099-K is issued. Direct bank transfers, and transfer services that are not third party settlement organizations, still count toward the 1099-NEC. The 1099 filing checklist has the penalties and filing steps.
☐	**Gather W-2s**	S-Corp owners who pay themselves a salary, and anyone with W-2 employment income, should collect these forms. Employers must issue W-2s for 2026 by February 1, 2027. You need these to reconcile total income on your return.
☐	**Finalize December books**	Reconcile all December bank and credit card statements. Post any year-end adjusting entries. Review the full-year P&L and balance sheet for accuracy. Lock the prior year after finalizing so no accidental changes occur.
☐	**Generate year-end financial statements**	Produce your final Profit & Loss statement, Balance Sheet, and Cash Flow Statement for the full year. These are the foundation for your tax return and provide the numbers your CPA needs.
☐	**Compile deduction documentation**	Create a summary of all deductions by category: office expenses, travel, meals (50% deductible), insurance, professional services, etc. Attach supporting receipts and records. The cleaner your documentation, the faster and cheaper your tax prep.
☐	**Calculate home office deduction**	Measure your dedicated office space and calculate total home expenses (mortgage interest or rent, utilities, insurance, repairs). Mortgage principal is not deductible. The simplified method allows $5 per square foot up to 300 sq ft ($1,500 max). The regular method uses actual expenses prorated by square footage.
☐	**Tally vehicle mileage**	Total your business miles for the year from your mileage log. The 2026 standard mileage rate is 72.5 cents per mile for January 1 to June 30 and 76 cents per mile for July 1 to December 31 (IRS standard mileage rates). Compare the standard rate against actual vehicle expenses to determine which method gives you a larger deduction.

Key dates calendar

Date	What is due
December 31, 2026	Last day to pay deductible 2026 expenses and place equipment in service
January 15, 2027	Q4 estimated tax payment due
February 1, 2027	1099-NEC and W-2 deadline for tax year 2026 (January 31 is a Sunday)
March 15, 2027	S-Corp and partnership returns due (Form 1120-S, Form 1065)
April 15, 2027	Individual and sole proprietor returns due (Form 1040)

This checklist is for information only and is not tax advice. Dates and limits are for tax year 2026. Last reviewed October 2026.

Sources (irs.gov): 2026 retirement limits IR-2025-111; Section 179 and inflation adjustments Rev. Proc. 2025-32; standard mileage rates page. Links are on the web version of this checklist.